

BEFORE THE

2010 SEP 24 AM 9:23

## LOUISIANA PUBLIC SERVICE COMMISSION

LA PUBLIC SERVICE  
COMMISSIONLOUISIANA PUBLIC SERVICE COMMISSION,  
EX PARTE.DOCKET NO. R-28271,  
SUBDOCKET BIN RE: RE-STUDY OF THE FEASIBILITY OF A  
RENEWABLE PORTFOLIO STANDARD FOR  
THE STATE OF LOUISIANA.

## NOTICE OF INTERVENTION

The National Alliance of Forest Owners ("NAFO"), pursuant to Rule 10 of the Louisiana Public Service Commission ("LPSC") Rules of Practices and Procedures, hereby submits its Notice of Intervention in the captioned proceeding upon suggesting as follows:

1.

The Louisiana Public Service Commission initiated the above-captioned docket to re-study of the feasibility of a renewable portfolio standard for the State of Louisiana. Notice of this proceeding was published in the LPSC's Official Bulletin dated February 6, 2009. Interventions were due on or before February 23, 2009. However, due to the preliminary stage of this docket, the LPSC has allowed late interventions, such as is being filed by NAFO.

2.

NAFO is the voice of the nation's private forest owners. NAFO's mission is to protect and enhance the economic and environmental values of private forests through targeted policy advocacy at the national level. At the time of this submission, NAFO's members represent 75 million acres of private forests in 47 states. NAFO was

incorporated in March 2008 and has been working aggressively since to sustain the ecological, economic, and social values of forests and to assure an abundance of healthy and productive forest resources for present and future generations.

3.

As an organization representing potential suppliers of biomass in Louisiana, NAFO has a justiciable and administratively cognizable interest in this proceeding. No other party to this proceeding is suited to adequately represent NAFO's interests. Accordingly, NAFO seeks to intervene and participate in this docket as a full party intervenor.

4.

This proceeding is in the initial stages. While the LPSC has established the issues to be considered, the LPSC has not taken action on any comments on the merits to date. Thus, NAFO's intervention will not prejudice any parties.

5.

All communications, notices and pleadings in this docket should be directed to:

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WHEREFORE, NAFO hereby intervenes in this proceeding and requests that it be placed on the LPSC's official service list of this docket, served with all pleadings, notices and orders and allowed to fully participate in the proceeding.

Respectfully submitted:

/s/ James W. Coleman  
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## **CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing, and the attached position statement and attachment was sent via email and/or U. S. Mail, to the attached service list, this September 20, 2010.

/s/ James W. Coleman

Service List  
Docket No. R-28271 Subdocket B

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As shown by the attached chart, demand for wood from pulp facilities has fallen dramatically in recent years, from nearly 18 million green tons to just over 12 million tons during the years 2004 to 2007. Thus, forest owners have seen demand for their wood drop by over five million tons, while total forest stock continues to increase. While demand for wood for biomass is projected to increase over the next ten years, the increase will not be nearly enough to keep up with the fall in demand from the pulp industry. Demand for wood for biomass is projected to peak at 920,000 tons. Even if one considered all facilities announced, regardless of whether they passed viability screens, demand for biomass would peak at 3,420,000 tons, which is far less than the 5,580,000-ton drop in pulpwood demand.

Thus, if the Commission limits the use of wood to only wood waste, landowners will be left with increasing stocks, diminished supply, and no alternative market for their product. In addition to harming landowners, such a policy would undercut the renewable energy goals of Louisiana and the United States, placing the state's program at odds with federal policy. Finally, there is no need for such a policy, because, as demonstrated, pulp and paper companies are demanding less and less wood from landowners while national forest stock continues to increase.

Thank you for this opportunity to provide our views in these important proceedings.

Sincerely,

A handwritten signature in black ink, appearing to read 'David P. Tenny', with a stylized flourish at the end.

David P. Tenny  
President and Chief Executive Officer



National Alliance of Forest Owners

*Investing in the Future of America's Forests*

September 20, 2010

Via facsimile

DOCKET NO. R-28271, SUBDOCKET B

Mrs. Melanie Verzwuyvelt, Staff Attorney  
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Baton Rouge, LA 70821-9154

**Re: National Alliance of Forest Owners' Position Statement on LaPSC  
Technical Conference regarding the re-study of the feasibility of a  
renewable portfolio standard for the State of Louisiana**

Dear Sir or Madam:

The National Alliance of Forest Owners ("NAFO") welcomes the opportunity to submit the following position statement in response to Louisiana Public Service Commission's Technical Conference regarding the re-study of the feasibility of a renewable portfolio standard for the State of Louisiana.

NAFO's mission is to protect and enhance the economic and environmental values of private forests through targeted policy advocacy. At the time of this submission, NAFO's members represent 75 million acres of private forests in 47 states. NAFO was incorporated in March 2008 and has been working aggressively since then to sustain the ecological, economic, and social values of forests and to assure an abundance of healthy and productive forest resources for present and future generations.

NAFO strongly opposes narrowing the definition of eligible biomass sources to include only wood waste, and not wood. Discouraging the use of biomass through this definition would prevent Louisiana from achieving its renewable energy potential and could foreclose biomass energy production altogether. This would have negative impacts both on meeting Louisiana's renewable energy goals and the long-term conservation of private forestlands. The United States Secretary of Agriculture has affirmed that a broad definition of biomass is necessary to advance renewable energy by enabling market participation and providing forest owners with economic options that will keep forestlands forested.

Use of biomass will not displace higher value wood products. The economics of forestry favors the production of the highest value saw logs and peeler logs first, higher value pulp logs second and lower value material, like biomass, third. Because biomass is the lowest value product in the forest "value chain," forest owners will not displace higher value products in the long term to supply low value biomass in the short term. Instead, market history shows that biomass supply will increase as market demand for biomass increases. Forest owners will respond to growing and more stable markets with increased investments in forest management practices that maintain sustainable production.

Annual Pulpwood Demand at Pulp/Paper mills and Chip Mills, Roundwood and Direct Chips, 2000-2009

in green tons

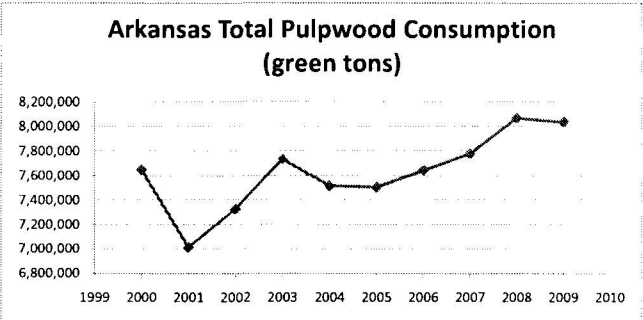
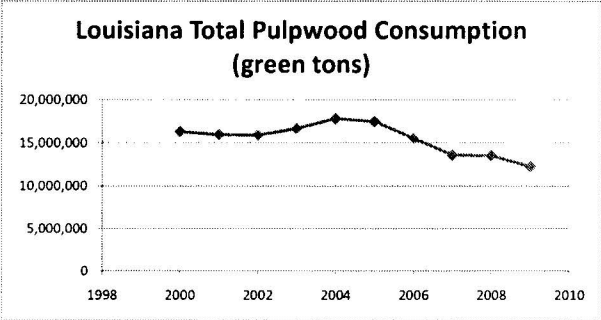
Sources: FRA, Forisk Consulting

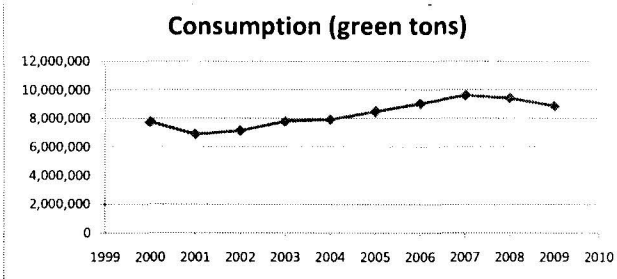
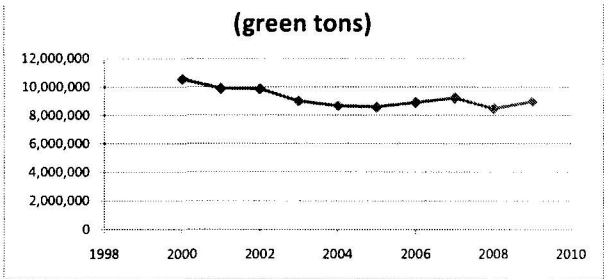
<b>Louisiana</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Total Softwood	11,705,392	11,479,025	11,484,161	12,308,336	13,295,088	13,257,762	11,639,326	10,020,889	10,094,683	9,375,802
Total Hardwood	4,632,034	4,495,954	4,413,332	4,377,002	4,533,465	4,229,056	3,893,916	3,558,776	3,449,252	2,872,805
Total Pulpwood	16,337,426	15,974,979	15,897,493	16,685,337	17,828,553	17,486,818	15,533,241	13,579,665	13,543,935	12,248,607
<b>Arkansas</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Total Softwood	3,692,219	3,264,449	3,300,197	3,503,536	3,462,871	3,499,670	4,114,519	4,729,368	4,959,799	4,669,865
Total Hardwood	3,957,255	3,749,099	4,027,662	4,227,975	4,052,660	4,003,313	3,526,325	3,049,337	3,108,809	3,365,856
Total Pulpwood	7,649,474	7,013,548	7,327,859	7,731,511	7,515,531	7,502,984	7,640,844	7,778,705	8,068,608	8,035,721
<b>Mississippi</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Total Softwood	7,268,527	7,231,960	7,323,077	7,404,017	7,848,834	7,763,220	8,103,389	8,443,559	7,883,285	8,628,934
Total Hardwood	3,258,154	2,663,724	2,520,420	1,598,896	813,023	822,363	790,770	759,177	572,176	331,101
Total Pulpwood	10,526,681	9,895,685	9,843,497	9,002,914	8,661,857	8,585,583	8,894,160	9,202,736	8,455,461	8,960,035
<b>Texas/Oklahoma**</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Total Softwood	4,934,939	4,164,094	4,229,095	4,950,001	5,255,542	5,316,916	6,044,593	6,772,269	6,608,690	6,078,715
Total Hardwood	2,819,719	2,717,184	2,903,786	2,844,037	2,661,826	3,167,590	2,997,617	2,827,643	2,815,625	2,787,204
Total Pulpwood	7,754,658	6,881,278	7,132,881	7,794,038	7,917,368	8,484,507	9,042,209	9,599,912	9,424,315	8,865,919

\*2006 values estimated as the mid-point between 2005 and 2007.

\*\*FRA combined Texas and Oklahoma; Forisk estimates (2007-2009) also combine Texas and Oklahoma.

Note: 2000-2005 values are from FRA; 2007-2009 values are from Forisk Consulting. Excludes demand for pulpwood from OSB, lumber, and plywood mills.





Source: Forisk Consulting, Wood Bioenergy Database, September 20, 2010

Source: Forisk Consulting, Wood Bioenergy Database, September 20, 2010

*In green tons*

**ARKANSAS**

[illegible]

**LOUISIANA**

[illegible]**MISSISSIPPI**

Total announced & operating	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Roundwood & chip	214,500	498,000	498,000	2,115,000	2,115,000	3,217,413	3,217,413	3,217,413	4,022,239	4,022,239	4,022,239
Mill residues	311,500	411,500	411,500	411,500	411,500	411,500	411,500	411,500	411,500	411,500	411,500
All feedstocks	526,000	909,500	909,500	2,526,500	2,526,500	3,628,913	3,628,913	3,628,913	4,433,739	4,433,739	4,433,739

**TEXAS**

[illegible]

[illegible]



Pulpwood Consumption Methodology

Source: Forisk Consulting

The FRA data (2000-2005) contained roundwood and chip receipts. The chip receipts included in-woods chips, chip mill chips, and mill residual chips. Forisk adjusted the chip receipts to exclude residual chips based on regional chip percentages from 2004. Estimates in the "Pulpwood" tab are adjusted to exclude mill residual chips.

To include only pulpwood receipts at pulp mills and chip mills, Forisk removed the pulpwood going to OSB, lumber, or plywood mills from the Forisk 2007-2009 numbers. FRA data is reported as receipts at pulp/paper mills and chip flows to pulp/paper mills from chip mills; FRA estimates exclude OSB, lumber, and plywood receipts of pulpwood.

Forisk estimated 2006 softwood and hardwood pulpwood consumption as the mid-point between 2005 and 2007 consumption estimates.

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